

**URBAN RENEWAL AGENCY OF THE
CITY OF COBURG, OREGON
(A Component Unit of the City of Coburg, Oregon)
LANE COUNTY, OREGON**

**FINANCIAL REPORT
For the Fiscal Year Ended June 30, 2014**

This Page Intentionally Left Blank

**URBAN RENEWAL AGENCY OF THE
CITY OF COBURG, OREGON
(A Component Unit of the City of Coburg, Oregon)
LANE COUNTY, OREGON**

Board of Directors

June 30, 2014

<u>Name</u>	<u>POSITION</u>	<u>TERM EXPIRES</u>
Jae Pudewell	Mayor	December 31, 2016
Jerry Behney	President	December 31, 2016
Don Nelson	Director	December 31, 2018
Jeffrey Kaliner	Director	December 31, 2014
Brian Pech	Director	December 31, 2014
Sharyl Abbaspour	Director	December 31, 2016
Ray Smith	Director	December 31, 2016

All Board members will receive mail at the following address:

Urban Renewal Agency of the City of Coburg
P.O. Box 8316
Coburg, Oregon 97408

ADMINISTRATION

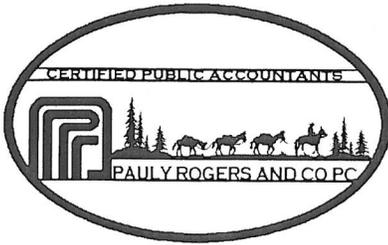
Petra Schuetz, Administrator

This Page Intentionally Left Blank

TABLE OF CONTENTS

	<u>PAGE NUMBER</u>
Independent Auditors' Report	1
Management's Discussion and Analysis	i
<u>BASIC FINANCIAL STATEMENTS:</u>	
Statement of Net Position	3
Statement of Activities	4
Balance Sheet – Governmental Fund	5
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget And Actual – General Fund	6
Notes to Basic Financial Statements	7
<u>SUPPLEMENTARY INFORMATION:</u>	
Schedule of Property Tax Transactions and Balances of Taxes Uncollected	13
<u>REPORTS ON LEGAL AND OTHER REGULATORY REQUIREMENTS:</u>	
Independent Auditors' Report Required by Oregon State Regulations	14

This Page Intentionally Left Blank



PAULY, ROGERS, AND CO., P.C.
12700 SW 72nd Ave. Tigard, OR 97223
(503) 620-2632 (503) 684-7523 FAX
www.paulyrogersandcocpas.com

January 23, 2015

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Coburg Urban Renewal Agency
Lane County, Oregon

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and major fund of the Urban Renewal Agency of the City of Coburg, Oregon (a component unit of the City of Coburg), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and major fund of the Urban Renewal Agency of the City of Coburg, Oregon (a component unit of the City of Coburg) as of June 30, 2014, and the respective changes in financial position and budgetary comparison for the general fund, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

The Agency adopted the provisions of GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, for the year ended June 30, 2014. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the management's discussion and analysis because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

The listing of board members containing their term expiration dates, located before the table of contents, has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Report on Other Legal and Regulatory Requirements

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated January 23, 2015, on our consideration of compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.



**ROY R ROGERS, CPA
PAULY, ROGERS AND CO., P.C.**

**URBAN RENEWAL AGENCY
OF THE CITY OF COBURG**
(A Component Unit of the City of Coburg)

Management's Discussion and Analysis

June 30, 2014

The Urban Renewal Agency of the City of Coburg, Oregon (the agency), a component unit of the City of Coburg, Oregon (the City), was started in 2001 with the goals of (1) provision of adequate facilities, and (2) water quality. At that point in time, Coburg did not have a municipal sewer system. The City served by private on-site septic tanks and drain fields. This scenario contributed to ground water contamination. Development in the industrial area had occurred with the expectation that a sewer system would be forthcoming. The Agency Plan and Report explains the goals of the Agency.

Vacant and under developed properties in the Coburg Industrial Area were selected for inclusion in the Urban Renewal Area. This selection insured that any future development would be done with adequate sewer facilities to protect water quality. It also enabled safe and hygienic development of vacant and underdeveloped properties.

The governing Board is comprised of the members of the Coburg City Council.

FY2013-14 Budget

1. In FY2013-14 the Agency adopted a final budget as follows:

Material and Services	\$ 11,270
Debt Service to City of Coburg	\$ 800,000
Contingency	\$ 10,000
Total Adopted Budget	<u>\$ 821,270</u>
Total Un-appropriated Funds	\$1,041,877
Total Requirements	<u>\$1,863,147</u>

This budget reflects the Agency's loans to the city for the purpose of the Waste Water project completion. This fulfills the mission of the Agency: Assist the City of Coburg with the financing of the wastewater system. Loans to the City for the project are payable back to the Urban Renewal Agency upon the completion of the project.

Government Wide Financial Analysis

The following table is a comparative summary of the Statement of Net Position for the current and prior year. Certain prior year amounts have been adjusted to conform to the current year's presentation.

COMPARATIVE STATEMENT OF NET POSITION
 JUNE 30, 2014 AND 2013
 in thousands

	<u>FY14</u>	<u>FY13</u>	<u>Var</u>
Cash and investments	\$ 163,036	\$ 644,144	\$ (481,108)
Taxes Receivable	23,567	27,221	(3,654)
Loans Receivable	1,495,955	995,597	500,358
Total Assets	1,682,558	1,666,962	15,596
Accounts payable	3,878	15	3,863
Total Liabilities	3,878	15	3,863
Total Net Position	\$ 1,678,680	\$ 1,666,947	\$ 11,733

Assets –Cash decreased due to lower property tax revenues received. Loans receivable increased with an additional \$500,358 in loans to the City for the purpose of the Waste Water Project completion.

Accounts payable - Accounts payable at the end of the year was \$3,878 and included expenses necessary for the administration of the Urban Renew Agency.

Net Position – At June 30, 2014, the net position increased by \$11,733. This change is due to the decrease in materials and services. There was a decrease in Property Taxes received in the amount of \$113,562; however the decrease in materials and services offset the loss in revenues.

	FY14	FY13	Var
Property Taxes	\$ 206,496	\$ 320,058	\$ (113,562)
Interest	1,964	2,744	(780)
Total Revenue	208,460	322,802	(114,342)
Materials & Services	1,130	234,479	(233,349)
Loss on Disposal of Capital Assets	-	109,410	(109,410)
Debt Service to the City	-	-	-
Total Expense	1,130	343,889	(233,349)
Changes in Net Position	\$ 207,330	\$ (21,087)	\$ 119,007

Revenue – Property tax revenue decreased by \$113,562, or 35%, from the prior year. This is due in large part to major commercial property tax appeals to the county which were awarded and reduced the tax base by several million dollars. Interest income decreased by \$780.

Expenses – Expenses represent the administrative costs of managing the Urban Renewal Agency.

Information requests

This report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the Agency's activities and finances to demonstrate the Agency's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Anne Heath, Finance Manager, at 541-682-7870 in Coburg, Oregon.

This Page Intentionally Left Blank

**URBAN RENEWAL AGENCY OF THE
CITY OF COBURG, OREGON
(A Component Unit of the City of Coburg, Oregon)
LANE COUNTY, OREGON**

BASIC FINANCIAL STATEMENTS

URBAN RENEWAL AGENCY OF THE
CITY OF COBURG, OREGON
(A Component Unit of the City of Coburg, Oregon)
LANE COUNTY, OREGON

Statement of Net Position
June 30, 2014

ASSETS

Assets:

Cash and Investments	\$ 163,036
Taxes Receivable	23,567
Loans Receivable	<u>1,495,955</u>

TOTAL ASSETS 1,682,558

LIABILITIES AND NET POSITION

Liabilities:

Accounts Payable	<u>3,878</u>
------------------	--------------

TOTAL LIABILITIES 3,878

Net Position:

Unrestricted	<u>1,678,680</u>
--------------	------------------

TOTAL NET POSITION \$ 1,678,680

See accompanying notes to basic financial statements.

**URBAN RENEWAL AGENCY OF THE
CITY OF COBURG, OREGON
(A Component Unit of the City of Coburg, Oregon)
LANE COUNTY, OREGON**

**Statement of Activities
For the Year Ended June 30, 2014**

REVENUE:	
Taxes	\$ 206,496
Interest	<u>1,964</u>
Total General Revenue	208,460
EXPENSES:	
Materials and Services	<u>1,130</u>
Change in Net Position	207,330
NET POSITION - BEGINNING OF YEAR	1,666,947
PRIOR PERIOD ADJUSTMENT	<u>(195,597)</u>
NET POSITION - END OF YEAR	<u><u>\$ 1,678,680</u></u>

See accompanying notes to basic financial statements.

**URBAN RENEWAL AGENCY OF THE
CITY OF COBURG, OREGON**
(A Component Unit of the City of Coburg, Oregon)
LANE COUNTY, OREGON

**Balance Sheet - Governmental Fund
June 30, 2014**

	<u>General Fund</u>
<u>ASSETS</u>	
Assets:	
Cash and Investments	\$ 163,036
Taxes Receivable	23,567
Loans Receivable	<u>1,495,955</u>
TOTAL ASSETS	<u>\$ 1,682,558</u>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND EQUITY</u>	
Liabilities:	
Accounts Payable	\$ 3,878
Unearned Revenue	<u>1,495,955</u>
Total Liabilities	<u>1,499,833</u>
Deferred Inflows of Resources:	
Unavailable Revenue - Property Taxes	<u>23,567</u>
Fund Equity:	
Unassigned	<u>159,158</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND EQUITY	<u>\$ 1,682,558</u>
Reconciliation of the Governmental Funds Balance Sheet to Statement of Net Position:	
Ending Fund Equity	\$ 159,158
Unearned Revenue related to Receivables	1,495,955
Unavailable Revenue related to Property Taxes	<u>23,567</u>
Net Position	<u>\$ 1,678,680</u>

See accompanying notes to basic financial statements.

**URBAN RENEWAL AGENCY OF THE
CITY OF COBURG, OREGON
(A Component Unit of the City of Coburg, Oregon)
LANE COUNTY, OREGON**

**Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - General Fund
For the Year Ended June 30, 2014**

	Original Budget	Final Budget	Actual	Variance To Final Budget Positive (Negative)
REVENUE:				
Property Taxes	\$ 320,000	\$ 320,000	\$ 210,150	\$ (109,850)
Investment Earnings	2,400	2,400	1,964	(436)
Total Revenue	<u>322,400</u>	<u>322,400</u>	<u>212,114</u>	<u>(110,286)</u>
EXPENDITURES:				
Materials and Services	11,270	11,270 (1)	1,130	10,140
Debt Service to City	650,000	800,000 (1)	695,955	104,045
Contingency	10,000	10,000 (1)	-	10,000
Total Expenditures	<u>671,270</u>	<u>821,270</u>	<u>697,085</u>	<u>124,185</u>
NET CHANGE IN FUND BALANCE	(348,870)	(498,870)	(484,971)	13,899
UNRESERVED, UNDESIGNATED FUND BALANCE - BEGINNING OF YEAR	1,540,747	1,540,747	839,726	(701,021)
PRIOR PERIOD ADJUSTMENT	<u>-</u>	<u>-</u>	<u>(195,597)</u>	<u>(195,597)</u>
UNRESERVED, UNDESIGNATED - FUND BALANCE - END OF YEAR	<u>\$ 1,191,877</u>	<u>\$ 1,041,877</u>	<u>\$ 159,158</u>	<u>\$ (882,719)</u>

(1) Appropriations Level

Reconciliation of the Governmental Funds

Statement of Revenues, Expenditures, and Changes in Fund Balances
to the Statement of Activities

(484,971)

Loans receivable in the Statement of Activities differ from the amount reported in the governmental funds. In the governmental funds, which are on the modified accrual basis, the Agency recognizes a deferred revenue for all loans receivable; however in the Statement of Activities, there is no deferred revenue and the full notes receivable is accrued.

695,955

Receivables in the Statement of Activities differ from the amount reported in the governmental funds. In the governmental funds, which are on the modified accrual basis, the Agency recognizes a deferred revenue for all property taxes levied but not received; however in the Statement of Activities, there is no deferred revenue and the full notes receivable is accrued.

(3,654)

Change in Net Position of Governmental Activities

\$ 207,330

See accompanying notes to basic financial statements.

**URBAN RENEWAL AGENCY OF THE
CITY OF COBURG, OREGON
(A Component Unit of the City of Coburg, Oregon)
LANE COUNTY, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the Agency have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the Agency's accounting policies are described below.

A. REPORTING ENTITY

The Urban Renewal Agency was organized by the City Council of the City of Coburg, Oregon, in 2001 under the provisions of ORS chapter 457. The Agency is responsible for providing financing for sanitation systems for the City of Coburg, Oregon's Urban Renewal Area. Principle funding sources are property taxes. Personnel of the City of Coburg handle fiscal and accounting functions.

The "tax-increment financing" method is being used to provide funds for the Agency. Under this method, a base year value (2001 in this case) within the urban renewal area is established for the duration of the urban renewal program. Any increase in the assessed value over that base year cannot be used by the Assessor to compute tax rates for local taxing bodies. The Assessor computes the tax rate on the base year of the area and then applies that rate to the increase in assessed value. The tax on the increased value can only be used by the Agency to pay indebtedness incurred to finance the urban renewal projects.

The Agency's financial statements include all activities and organizations with which the Agency exercises oversight authority as demonstrated by financial interdependency and/or authoritative appointment of governing authority. The Agency has no component units, but is a component unit of the City of Coburg.

B. BASIS OF PRESENTATION – FUND ACCOUNTING

Financial operations of the Agency are accounted for in the following major fund:

GENERAL FUND

The General Fund is the only operating fund of the Agency. The General Fund accounts for all financial resources, excluding those required to be accounted for in another fund. Principal sources of revenues are taxes, interest and intergovernmental revenues. Expenditures from this fund are used for the construction of and debt service (if required) for the sewer project of the City of Coburg.

C. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The Statement of Net Position and Statements of Activities display information about the Agency as a whole. The Statement of Net Position and the Statement of Activities are prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33 "Accounting and Financial Reporting for Nonexchange Transactions."

**URBAN RENEWAL AGENCY OF THE
CITY OF COBURG, OREGON
(A Component Unit of the City of Coburg, Oregon)
LANE COUNTY, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

C. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (CONTINUED)

Program Revenues included in the Statement of Activities derive directly from the program itself or from parties outside the Agency's taxpayers or citizenry, as a whole; program revenues reduce the cost of the function to be financed from the Agency's general revenues.

The Agency reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Interest on general long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

FUND FINANCIAL STATEMENTS

The accounts are organized and operated on the basis of fund accounting. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained in consistency with legal and managerial requirements.

GOVERNMENTAL FUND TYPES

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, revenues are considered to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. Property taxes and interest associated with the current fiscal period are considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period.

D. BUDGET

The Agency is required by state law to budget its activity. The budget is prepared on the cash basis of accounting. The resolution authorizing appropriations sets the level by which expenditures cannot legally exceed appropriations. Personnel, materials and services, capital outlay, debt service and other expenditures are the levels of disbursement control in the budget. The detail budget document, however, is required to contain more specific, detailed information for the above mentioned disbursement categories. Unexpected additional resources may be added to the budget through the use of a supplemental budget. Original and supplemental budgets may be modified by the use of appropriations transfers between the levels of control. Such transfers require approval by the Board of Directors. Expenditures of the general fund were within authorized appropriation levels for the year ended June 30, 2014.

**URBAN RENEWAL AGENCY OF THE
CITY OF COBURG, OREGON
(A Component Unit of the City of Coburg, Oregon)
LANE COUNTY, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

E. PROPERTY TAXES RECEIVABLE

In the Government-Wide Financial Statements uncollected property taxes are recorded on the Statement of Net Position. In the Fund Financial Statements property taxes that are collected within 60 days after year-end are considered measurable and available and, therefore, are recognized as revenue. The remaining balance is recorded as unearned revenue because it is not deemed available to finance operation of the current period. An allowance for doubtful accounts is not deemed necessary by management, as uncollectible taxes become a lien on the property. Property taxes are levied on all taxable property as of July 1, the beginning of the fiscal year, and become a lien on that date. Property taxes are payable on November 15, February 15, and May 15. Discounts are allowed if the amount due is received by November 15 or February 15. Taxes unpaid and outstanding on May 16 are considered delinquent.

F. FUND EQUITY

In March 2009, the GASB issued Statement No. 54, *Fund Balance Reporting and Governmental Fund-type Definitions*. The objective of this statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund-type definitions. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed on the use of the resources reported in governmental funds. Under this standard, the fund balance classifications are – nonspendable, restricted, committed, assigned, and unassigned.

- Nonspendable fund balance represents amounts that are not in a spendable form. The nonspendable fund balance represents inventories and prepaid items.
- Restricted fund balance represents amounts that are legally restricted by outside parties for a specific purpose (such as debt covenants, grant requirements, donor requirements, or other governments) or are restricted by law (constitutionally or by enabling legislation).
- Committed fund balance represents funds formally set aside by the governing body for a particular purpose. The use of committed funds would be approved by resolution.
- Assigned fund balance represents amounts that are constrained by the expressed intent to use resources for specific purposes that do not meet the criteria to be classified as restricted or committed. Intent can be stipulated by the governing body or by an official to whom that authority has been given by the governing body. Authority is given to the finance director to assign fund balances.
- Unassigned fund balance is the residual classification of the General Fund. Only the General Fund may report a positive unassigned fund balance. Other governmental funds would report any negative residual fund balance as unassigned.

There were no nonspendable, restricted, committed or assigned balances at year end.

The governing body has approved the following order of spending regarding fund balance categories: Restricted resources are spent first when both restricted and unrestricted (committed, assigned or unassigned) resources are available for expenditures. When unrestricted resources are spent, the order of spending is committed (if applicable), assigned (if applicable) and unassigned.

**URBAN RENEWAL AGENCY OF THE
CITY OF COBURG, OREGON
(A Component Unit of the City of Coburg, Oregon)
LANE COUNTY, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

G. INVESTMENTS

Investments are stated at cost which approximates fair value.

H. NET POSITION

Net position comprise the various net earnings from operations, nonoperating revenues, expenses and contributions of capital. Net position are classified in the following three categories:

Net Investment in Capital Assets – consists of all capital assets, reduced by the outstanding balances of any bonds or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. There were no net capital assets at year end.

Restricted – consists of external constraints placed on asset use by creditors, grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation. There are no restricted assets.

Unrestricted – consists of all other assets that are not included in the other categories previously mentioned.

When both restricted and unrestricted resources are available for use, it is the agency's policy to use restricted resources first, then unrestricted resources as they are needed.

I. ESTIMATES

The preparation of financial statements, in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenditures during the reporting period. Actual results could differ from those estimates.

2. CASH AND INVESTMENTS

State statutes govern the Agency's cash management policies. Statutes authorize investing in banker's acceptances, time certificates of deposit, repurchase agreements, obligations of the United States and its agencies and instrumentalities, and the Oregon State Treasurer's Local Government Investment Pool.

Investments

The State Treasurer's Local Government Investment Pool is not registered with the U.S. Securities and Exchange Commission as an investment company. The Oregon Revised Statutes and the Oregon Investment Council govern the State's investment policies. The State Treasurer is the investment officer for the Council and is responsible for all funds in the State Treasury. These funds must be invested, and the investments managed, as a prudent investor would, exercising reasonable care, skill and caution. Investments in the Fund are further governed by portfolio guidelines issued by the Oregon Short-Term Fund Board, which establish diversification percentages and specify the types and maturities of investments. The portfolio guidelines permit securities lending transactions as well as investments in repurchase agreements and reverse repurchase agreements. The fund was in compliance with all portfolio guidelines at June 30, 2014.

**URBAN RENEWAL AGENCY OF THE
CITY OF COBURG, OREGON
(A Component Unit of the City of Coburg, Oregon)
LANE COUNTY, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

2. CASH AND INVESTMENTS (CONTINUED)

Amounts in the State Treasurer's Local Government Investment Pool are not required to be collateralized. As of June 30, 2014 the fair value of the position in the LGIP approximates the value of the pool shares as reported in the Oregon Short Term Fund audited financial statements. There were no known violations of legal or contractual provisions for deposits and investments during the fiscal year.

Cash and investments were recorded at cost, which approximates fair market value, at June 30, 2014. Cash and Investments (recorded at fair value) consisted of:

Deposits with Financial Institutions:

Local Government Investment Pool	\$ 127,286
Demand Deposits	35,750
	\$ 163,036

There were the following investments and maturities at year end:

Investment Type	Fair Value	Investment Maturities (in months)	
		Less than 3	12-18 months
State Treasurer's Investment Pool	\$ 127,286	\$ 127,286	\$ -
Total	\$ 127,286	\$ 127,286	\$ -

Interest Rate Risk

Oregon Revised Statutes require investments to not exceed a maturity of 18 months, except when the local government has adopted a written investment policy that was submitted to and reviewed by the OSTFB.

Credit Risk

Oregon Revised Statutes does not limit investments as to credit rating for securities purchased from US Government Agencies or USGSE. The State Investment Pool is not rated.

Concentration of Credit Risk

The cash management policies are governed by state statutes. Statutes authorize investing in banker's acceptances, time certificates of deposit, commercial paper, repurchase agreements, and obligations of the United States and its agencies and instrumentalities. Currently, the Agency only uses the Local Government Investment Pool for investments and a CD.

Deposit Risk

Deposits with financial institutions include bank demand deposits. Oregon Revised Statutes require deposits to be adequately covered by federal depository insurance or deposited at an approved depository as identified by the Treasury. In the case of deposits, this is the risk that in the event of a bank failure, the Agency's deposits may not be returned to it. The Agency does not have a deposit policy for custodial credit risk. As of June 30, 2014, the bank account balance was \$35,900. All of which was covered by federal depository insurance. Any remainder would be collateralized under the Oregon Public Funds Collateralization Program (PFCP).

**URBAN RENEWAL AGENCY OF THE
CITY OF COBURG, OREGON
(A Component Unit of the City of Coburg, Oregon)
LANE COUNTY, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

3. RISK MANAGEMENT

The Agency is exposed to various risks of loss related to torts; errors and omissions; and natural disasters. The Agency is covered by The City of Coburg's commercial insurance to minimize its exposure to these risks. Settled claims for the Agency have not exceeded this commercial coverage.

4. CONTINGENCIES

Management and the Agency's Legal Counsel are not aware of any contingencies that would require disclosure under Statement of Financial Accounting Standards No. 5.

5. LOANS RECEIVABLE

The \$1,495,955 balance consists of the following loans to the City of Coburg:

Sewer Construction Loan – During the 2008-2009 fiscal year, the Agency loaned the City of Coburg \$700,000 to begin the implementation phase of the sewer construction project. An additional \$100,000 was loaned to the City during the 2012-2013 fiscal year. An additional \$695,955 was loaned to the City during the 2013-2014 fiscal year. Payback terms demand full payback at the completion of the project.

6. PRIOR PERIOD ADJUSTMENT

A prior period adjustment was made to remove the loan to the City of Coburg in the amount of \$195,597. These funds were transferred to the City to pay for debt service expenses which is an adopted use of URA funds and should not have been recorded as an interagency loan. Transfers of \$65,199 and \$130,398 were made for debt service in 2011 and 2012.

This Page Intentionally Left Blank

**URBAN RENEWAL AGENCY OF THE
CITY OF COBURG, OREGON
(A Component Unit of the City of Coburg, Oregon)
LANE COUNTY, OREGON**

SUPPLEMENTARY INFORMATION

This Page Intentionally Left Blank

**URBAN RENEWAL AGENCY OF THE
CITY OF COBURG, OREGON
(A Component Unit of the City of Coburg, Oregon)
LANE COUNTY, OREGON**

**Schedule of Property Tax Transactions and Balances of Taxes Uncollected
For the Year Ended June 30, 2014**

TAX YEAR	ORIGINAL LEVY OR BALANCE UNCOLLECTED AT JULY 1, 2013	DEDUCT DISCOUNTS	ADJUSTMENTS TO ROLLS	ADD INTEREST	CASH COLLECTIONS BY COUNTY TREASURER	BALANCE UNCOLLECTED OR UNSEGREGATED AT June 30, 2014
Current:						
2013-14	\$ 215,099	\$ 5,522	\$ (652)	\$ 85	\$ 202,652	\$ 6,358
Prior Years:						
2012-13	10,455	(8)	(1,036)	347	3,992	5,782
2011-12	6,264	(3)	(545)	391	1,996	4,117
2010-11	4,177	-	(568)	436	1,377	2,668
2009-10	2,934	-	(442)	347	933	1,906
2008-09 & Prior	3,391	-	(573)	168	250	2,736
Total	<u>\$ 242,320</u>	<u>\$ 5,511</u>	<u>\$ (3,816)</u>	<u>\$ 1,774</u>	<u>\$ 211,200</u>	<u>\$ 23,567</u>

RECONCILIATION TO REVENUE

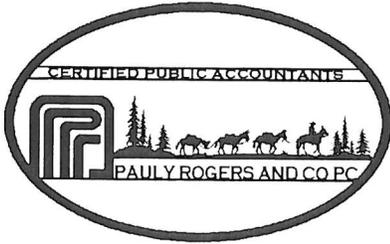
Cash Collections by County Treasurer Above	\$ 211,200
Other Taxes in Lieu of Property Taxes	<u>(1,050)</u>
Total Revenue	<u>\$ 210,150</u>

This Page Intentionally Left Blank

**URBAN RENEWAL AGENCY OF THE
CITY OF COBURG, OREGON
(A Component Unit of the City of Coburg, Oregon)
LANE COUNTY, OREGON**

Independent Auditors' Report Required by Oregon State Regulations

This Page Intentionally Left Blank



PAULY, ROGERS, AND CO., P.C.
12700 SW 72nd Ave. Tigard, OR 97223
(503) 620-2632 (503) 684-7523 FAX
www.paulyrogersandcoepas.com

January 23, 2015

Independent Auditors' Report Required by Oregon State Regulations

We have audited the basic financial statements of the City of Coburg Urban Renewal Agency as of and for the year ended June 30, 2014, and have issued our report thereon dated January 23, 2015. We conducted our audit in accordance with auditing standards generally accepted in the United States of America.

Compliance

As part of obtaining reasonable assurance about whether the basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations, noncompliance with which could have a direct and material effect on the determination of financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

We performed procedures to the extent we considered necessary to address the required comments and disclosures which included, but were not limited to the following:

- **Deposit of public funds with financial institutions (ORS Chapter 295)**
- **Indebtedness limitations, restrictions and repayment.**
- **Budgets legally required (ORS Chapter 294).**
- **Insurance and fidelity bonds in force or required by law.**
- **Authorized investment of surplus funds (ORS Chapter 294).**
- **Public contracts and purchasing (ORS Chapters 279A, 279B, 279C).**

In connection with our testing nothing came to our attention that caused us to believe the City of Coburg Urban Renewal Agency was not in substantial compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations, except as follows:

1. Only one notice for the budget committee meeting was published for the 2014-15 budget rather than two notices as is required by Oregon Local Budget Law.

OAR 162-10-0230 Internal Control

In planning and performing our audit, we considered the internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Coburg Urban Renewal Agency's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the internal control over financial reporting.

We noted matters involving the internal control structure and its operation that we consider to be significant deficiencies under standards established by the American Institute of Certified Public Accountants, which are noted in our management letter dated January 23, 2015.

This report is intended solely for the information and use of the Board of Directors and management of the City of Coburg Urban Renewal Agency and the Oregon Secretary of State and is not intended to be and should not be used by anyone other than these parties.

A handwritten signature in black ink that reads "Roy R Rogers". The signature is written in a cursive style with a large, stylized "R" in the middle.

**ROY R ROGERS, CPA
PAULY, ROGERS AND CO., P.C.**